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ABSTRACT

A three-year study of Performance Funding in Tennessee was begun in 1975-76 to investigate the possibility of allocating some portion of state funds for higher education on performance criteria as compared to the current allocation of funds on an enrollment or organizational unit criterion. During the first year, the postsecondary institutions participating in the project were to develop institutional performance indicators that reflect institutional uniqueness and instructional effectiveness. During the second year, data on performance indicators would be collected. Volunteer State Community College is one of 11 colleges and universities participating in Pilot Projects throughout the state. During fall and winter 1976-77, meetings involving members of various disciplines and several divisions were held for the college's faculty to determine what competencies and skills students should have and how competencies and skills could be measured when students exit from specific courses, finish work in a particular discipline, or earn associate degrees and certificates. After skills and competencies were identified, a tentative list of institutional objectives and performance indicators was developed. The college's Performance Funding contract for 1977-78, approved by the Tennessee Higher Education Commission, is appended. (TR)

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QUALITY OR QUANTITY?

A DISCUSSION OF A PILOT PROJECT IN DESIGNING STATE FUNDING FORMULAS BASED ON PERFORMANCE - QUALITY RATHER THAN ACTIVITY - QUANTITY

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JC 780 312

In the past there has been little or no emphasis placed on the use of performance assessment as a measure of institutional effectiveness in community colleges or in senior institutions. Because this lack of any formal means for the measurement of institutional effectiveness of instruction was common to the state institutions of higher learning in Tennessee, the Tennessee Higher Education Commission which is the coordinating board for the two governing boards, The State University and Community College System and the University of Tennessee System, sought ways and means to intitate instructional effectiveness measurement programs on a state-wide level.

Through funds from the Fund for the Improvement of Postsecondary Education (Fipsi), the W. W. Kellogg Foundation, the Ford Foundation, and one foundation wishing to remain anonymous, a three-year study in Performance Funding was begun in the academic year 1975-76. The major purpose of this project is to investigate the possibility of allocating some portion of the state funds for higher education on performance criterion as compared to the current allocation of funds on an enrollment or organizational unit criterion. The intent of the Performance Funding Project is to develop at the several institutions which are participating in the Project: (1) institutional performance indicators which reflect institutional uniqueness and instructional effectiveness and (2) to develop possible funding formula policies which promote performance assessment and institutional differences.

The academic year 1975-76 was used as a planning year for the Commission. The several institutions in the state that are participating in the Project became involved during the academic year 1976-77. This first year of the institution's involvement in the Performance Funding Project was designed to identify instructional goals and performance indicators and to determine how

these goals and indicators (outcome meas res) might be evaluated. The second year (1977-78) of the institution's involvement was designed to allow for the collection and analysis of data for the various indicators. Another facet of the second year involvement was the proposal of a formula revision or a way in which Performance Funding might be incorporated into the total allocation of state funds for higher education.

At the present time there are eleven colleges and universities participating in Pilot Projects throughout Tennessee. These eleven colleges represent both systems of higher education, The State University and Community College System and the University of Tennessee System. The institutions which were chosen by the Commission to be Pilot Project institutions entered into a contract with the Commission. This contract outlined the responsibilities of the Commission (state) and the individual institution. A copy of the contract appears at the end of the report. (See Appendix A) Upon completion of the Mid-year Report by the individual institutions, one-half of the grant to the pilot institution was forwarded to that institution. Upon fulfilling the total contract by July 31 of the contract year, the remainder of the grant was forwarded to that institution.

Now, for a look at the specifics of the pilot project effort on the Volunteer State Community College campus, which is located in Gallatin, Tennessee. This community college is much like other semi-rural community colleges which have stablizing enrollments and share the community college philosophy with a faculty and administration that are dedicated t student educational growth and the improvement of instruction.

The process that the faculty and staff participated in may be the most useful and interesting element to date of the Performance Funding Project. The intention of the Director was to talk with and involve each faculty and

staff member in the decision making process in determining what are (1) the goals of the institution, (2) what objectives can be stated to measure these goals, (3) and what indicators can be established to determine the performance of the institution in terms of the objectives.

During the fall and winter quarters of 1976-77, many meetings with individuals, members of the various disciplines, and the several divisions were held. The intent and direction of these meetings were for the faculty to determine (1) what competencies are the students to have, what skills are the students to possess, and how can these competencies and skills be measured when the student exits from a specific course; (2) next, the faculty members were asked to determine what competencies and skills the student should possess and how these can be measured when a student has finished work of a particular discipline; and (3) ultimately what competencies and skills should that student possess and how these can be measured when a student earns an associate degree or certificate. This process asked the faculty to examine courses, disciplines, and programs in relation to each other and with the emphasis on student learning outcomes. These learning outcomes were examined in terms of the aims and goals of the institution as these aims and goals related to the role and mission of Volunteer State Community College.

Once the kinds of competencies and skills were identified, then with the help of an advisory committee, which was appointed by the President in November of 1976, a tentative list of institutional objectives was developed which reflected these skills and knowledge. This first draft of objectives was distributed to the entire faculty and administrative staff. Each person was asked to list possible indicators for the several objectives. The Director then pooled these indicators and developed the first draft of goals, objectives,

and indicators which would reflect the role and mission of Volunteer State Community College. In a forum, where the faculty met for an afternoon of interaction, this draft was discussed; new indicators were added, some indicators were modified and others were thrown out. This process of revising the objectives and indicators with meetings with the advisory committee and input from the faculty was continued through the spring. By May of 1977 the goals, objectives, and indicators had been revised and refined three times. In late May, a second faculty forum was held and final input was given from the faculty concerning goals, objectives, and indicators. The advisory committee members then chose the indicators for the various objectives that each member felt were necessary and rank ordered these indicators. Using the Delphi technique which requires independent responses from the various committee members, the Director then complied the final list of objectives and indicators.

The three goals that were chosen do meet the criteria of the Performance Funding Project for goal statements; i.e., these goals must be institution wide and must address the present instructional process--no innovation, no new programs, no new delivery systems should be a part of the goal statement. In the process of setting goals and in determining appropriate objectives for these goals, one must ask certain pertinent questions:

1. For what kinds of activities can the institution be responsible?
2. How can instructional effectiveness be evaluated?
3. How can useful information be gained and used for the benefit of the institution?
4. Are student indicators or outcomes the only ways to measure instructional effectiveness?
5. How can this information be reported so that the public can gain meaning and make judgements conerening the information?
6. How can funding be tied to performance particularly on an instructional level?
7. What relationship do the services of the institution have to the instructional process and program?

Once these questions are grappled with and some answers are found, the more specific objectives can be arrived at and indicators for measuring these objectives can be determined. In determining indicators for objectives, one needs to look at readily available instruments and to determine what means of measurement need to be developed. Instruments which have national norms are useful when trying to find out how a particular group of students compare to the national average. If national normed instruments are not used, a data base of about three years is necessary in order to predict trends.

Taking all these various elements into consideration, the faculty and staff of Volunteer State Community College arrived at the following list of Goals, Objectives, and Indicators as being those which would govern the direction of the pilot effort in Performance Funding for the second year, the year of data collection:

GOAL: To provide a transfer university-parallel program which will prepare students to transfer two years of work to four-year colleges and universities.

Objectives	Indicators
A. To provide students with verbal, computational, and analytical skills necessary for acquiring, applying, and understanding knowledge.	1. Performance of transfer students (graduates) to senior and professional institutions. 2. Performance of a sample of students on ETS Academic Competencies in General Education Exam. 3. Numbers and kinds of program completers. 4. Gain scores on ACT and Nelson-Denny for sophomores/graduates.
B. To provide general education courses for all students.	1. Number and kinds of general education course offerings.

	2. Enrollments in general education courses offerings. 3. Students perception of preparation in general education courses as related to ease of transfer. 4. Completers of the 45-hour core requirements.

GOAL: To provide programs of occupational-technical and pre-professional work for those students preparing to enter industry, business, and the service professions within a two- or three-year period, and who need a marketable skill, or an upgraded skill, that can be acquired through a program of higher education of less than a baccalaureate degree.

Objective	Indicators
A. To provide the training for the necessary skills for entry level work in appropriate career fields.	1. A listing of the number of hireouts. 2. Survey of employed students and satisfaction with college preparation for the jobs. 3. Number of certifications granted by certification agencies.

GOAL: To provide counseling, testing, and faculty advisement services according to personal, occupational and academic needs of individual students.

Objective	Indicators
A. To provide counseling, testing, and educational advisement for students.	1. Number of services offered by counseling office. 2. Availability of counselors and faculty advisers for academic advisement. 3. Utilization of counseling services, i.e., academic, personal, and career.

B.	To identify and place students who need basic skills or prerequisites for entering college level courses, or who are academically deficient in general studies, or who are honors and advance placement students; and to provide them with appropriate academic services.	1. Identification of the academically deficient student. 2. Survey of proper placement of students. 3. Number of students who meet exit standards of basic courses. 4. Utilization of developmental labs.

The above goals, objectives, and indicators have served as the foundation for the second phase of the Volunteer State Community College pilot effort in Performance Funding. The Tennessee Higher Education Commission approved the proposed contract in Performance Funding for the academic year, 1977-78. This phase of the project has been devoted to the data collection process which is incomplete at the present time. Nonetheless, the indicators are reasonable ones for the goals and objectives as they are stated. Much has been learned about the institution and the instructional process and this knowledge is now being used as a base from which decisions are being made.

New activities that are a direct result of the pilot effort in Performance Funding are: (1) the use of the NCHEMS, Student Outcomes Questionnaire Series; (2) the tracking of graduate transfer students who enter state four-year institutions within Tennessee; (3) utlization studies of the counseling and testing center; (4) a study of student gain scores on the ACT, Competencies in General Education Examination, and the Nelson-Denny Reading Test. Though these activities are not complete and may prove to be imperfect measures of the instructional performance at Volunteer State Community College, the faculty and administration now have a data base from which to discuss the instructional process and a point of reference which has heretofore been nonexistent.

Without this pilot effort in Performance Funding, the status quo may have prevailed but now this is not likely. Imporvements may result which will cause Volunteer State Community College not only to be a good institution but to become a great institution.

APPENDIX A

CONTRACT
BETWEEN
THE STATE OF TENNESSEE, THE TENNESSEE HIGHER EDUCATION COMMISSION,
AND

(Name of College or University)

THIS CONTRACT, by and between the State of Tennessee, The Tennessee Higher Education Commission, hereinafter referred to as the State, and (Name of College or University), hereinafter referred to as Contractor.

WITNESSETH: In consideration of the mutual promises herein contained, the parties have agreed and do hereby enter into this Contract according to the provisions set out herein:

A. The Contractor agrees to perform the following services:

1. Identify institutional goals that will

   (a) be consistent with and reflective of institutional mission;
   (b) be acceptable to the campus community and to the institution's governing board; and
   (c) emphasize instructional effectiveness-what achievements or change in student knowledge, skill, or attitude occur.

2. Consider the identification of other institutional goals that relate to:

   (a) institutional missions such as research and service--with specific emphasis on the unique institutional activity in these areas; and

   (b) institutional or management development goals--changes and/or improvements sought in programs, policies, and procedures.

3. Identify performance indicators that:

   (a) associate with each of the goals in item (1) and (2); and

   (b) will provide evidence of goal achievement.

4. Furnish a mid-year progress report to THEC by January 30, 1977 and an end-of-year report no later than July 31, 1977. The end-of-year report should include.

   (a) a statement of goals and objectives;
   (b) an outline of indicators associated with goals and objectives;
   (c) a description of how they were developed (who was involved and how);
   (d) an outline of plans for acquiring data;
   (e) an exploration of possible approaches for relating performance to funding; and
   (f) a statement reflecting institutional fiscal contribution to the project and expenditures of THEC contribution during the first year.

B. The State agrees to compensate the Contractor as follows:

1. A grant for the 1976-77 fiscal year of $_____ to underwrite approximately_____percent of the salary for _____, pilot project director, and expenses for _____.

2. Payment to the Contractor will be made in two installments with payments immediately following receipt of an acceptable mid-year progress report and receipt of an acceptable end-of-year report.

3. Final payment shall be made only after the Contractor has completely performed his duties under this Contract.

4. In no event shall the liability to the State exceed $_____.

C. The parties further agree that the following shall be essential terms and conditions of this Contract.

1. The identification of institutional goals and associated performance indicators will reflect representative involvement from the campus community.

2. The identification of goals and indicators will be accomplished in light of

(a) their potential transfer or applicability to other institutions similar in mission and environment; and

(b) consideration of how achievement of goals--whether student achievement or institutional achievement--might be funded in a way which rewards achievement but permits administration of funding on an equitable and objective basis.

3. This Contract shall not be binding upon the parties until it is approved by the Tennessee Department of Finance and Administration.

4. The term of this Contract shall be from_____ _____to _____.

5. This Contract may be modified only be written amendment executed by all parties hereto, and approved by the Commissioner of Finance and Administration.

6. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three full years from the date of the final payment, and shall be subject to audit, at any reasonable time and upon reasonable notice, by the State agency or the Comptroller of the Treasury, or their duly appointed representatives.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives set their signatures.

(College or University)

By: _____ _____ _____
Signature Date (Institutional President/Chancellor)

By: _____ _____ _____
Signature Date (System Executive Officer)

STATE OF TENNESSEE
THE TENNESSEE HIGHER EDUCATION COMMISSION

By: _____ _____
Wayne Brown, Executive Director Date

APPROVED:
TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION

By: _____ _____
Commissioner Date

UNIVERSITY OF CALIF.
LOS ANGELES

JUL 21 1978

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JUNIOR COLLEGES